



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503
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Executive Registry

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MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND
ESTABLISHMENTS

FROM: Joseph R. Wright, Jr.
Deputy Director

SUBJECT: Eliminating Unnecessary Administrative Burden on
Sponsored Research

This memorandum provides guidance and instructions to reduce unnecessary administrative burden on sponsored research and to re-establish the Interagency Assessment Committee to oversee the Florida Demonstration Project to reduce overhead costs and increase research productivity.

The Federal Government has streamlined the administration of sponsored research through issuance of the Office of Management and Budget (OMB) Circulars A-21, "Cost Principles for Institutions of Higher Education," and A-110, "Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-profit Organizations." Nevertheless, grant accounting and administration remain relatively complex for a number of reasons, including the Federal Government's need to ensure public accountability and the financial pressures on universities to recoup all of the indirect costs associated with research. Overhead costs have gone up and productivity has gone down.

In March 1986, five agencies began the Florida Demonstration Project to see if this trend could be reversed. In March 1988, the Presidential Task Force on Regulatory Relief approved the expansion of the Project, beginning October 1, 1988, to include research contracts as well as grants, and to include universities and research facilities outside of Florida.


Agencies which sponsor research are authorized to make routine use, as appropriate, of the most successful subset of the Demonstration procedures:

1. Waive most cost related and other administrative "prior approvals" required by OMB Circulars A-21 and A-110, except actions which change the scope or objective of a project, change key personnel, require additional funding, or where specifically required in the award instrument.

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2. Authorize grantees to incur pre-award costs at their own risk.
 3. Authorize grantees the authority to initiate a one-time no-cost extension of up to 12 months.
 4. Authorize grantees to carry forward unobligated balances to subsequent funding periods without prior agency approval.

Agencies will report to OMB by January 1, 1989, on experience using these procedures.

The Departments of Agriculture, Defense, Energy, and Health and Human Services, and the National Science Foundation will continue a Phase II of the Demonstration Project. Other Federal agencies are encouraged to participate as well.

The Interagency Assessment Committee composed of the senior policy officials of the participating agencies will continue to provide general guidance and oversight. Dr. William Raub, Deputy Director, National Institutes of Health, will continue as Chair and periodically report to OMB on the progress of the Demonstration and those developments that affect government-wide policy. Invitations will be extended to the President's Council for Management Improvement (PCMI), the President's Council for Integrity and Efficiency (PCIE) and the Chief Financial Officers (CFO) Council to provide ex-officio representation to the Interagency Assessment Committee.

The institutions currently in the Demonstration (the nine campuses in the State of Florida system and the University of Miami) will continue. The five institutions that participated in the ancillary costs studies (University of California, Columbia University, Johns Hopkins University, State University of New York, and the University of Virginia) will be eligible as well. Each of these institutions will specify their plans and methodology for continued participation.

An additional 10-15 university participants will be selected on a nationally competitive basis. Proposals will be due by July 1 and evaluation and selection by the Interagency Assessment Committee completed by September 1, 1988. The proposals must specify the area or topic for study, the methodology and evaluation criteria, including measurements for research productivity and costs savings.

For further information, contact Jonathan Breul, Financial Management Division, at 395-3050.

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Though most State agencies will continue to use existing supplies of Forms ES-931, 931A and 934 until they are exhausted, the State agencies have been advised that the privacy statement need not be signed by the claimant.

Please ensure that all staff members having any responsibility for the UCFE program are advised that a signed privacy statement is no longer required.

If you have any questions concerning this memorandum, please call Millie Enten on (202) 535-0312.

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